MONTANA LEGISLATIVE HISTORY

Chapter 483 19 2001

Bill H _____ S 445

Original bill & history ___C

Bill is 173 pgs long - only 1st page included.

H. Committee on Bus & Labor		S. Committee on Bus & Labor	
Hearing Date(s) _____	___C	Hearing Date(s) _____	___C
3/23	✓C	2/14	✓C
_____	___C	_____	___C
_____	___C	_____	___C
Date Out 3/27	✓C	out 2/17	✓

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

4/11	Transmitted to Governor		
4/20	Signed by Governor		
4/20	Chapter Number Assigned		
	Chapter Number 302		
	Effective Date: 10/01/2001 - All Sections		

SB 444 Introduced by Butcher *LC0670 Drafter: McClure*

Portability for Teacher Salary Steps and Lanes

11/28	Fiscal Note Needed		
2/10	Introduced		
2/10	First Reading		
2/10	Referred to Education and Cultural Resources		
2/12	Fiscal Note Requested		
2/16	Hearing		
2/19	Fiscal Note Received		
2/21	Fiscal Note Printed		
2/23	Missed Deadline for General Bill Transmittal		

SB 445 Introduced by Taylor *LC0941 Drafter: Petesch*

Reorganize Department of Commerce

By Request of Governor

12/05	Fiscal Note Needed		
2/10	Introduced		
2/10	First Reading		
2/10	Referred to Business and Labor		
2/12	Fiscal Note Requested		
2/14	Hearing		
2/15	Fiscal Note Received		
2/15	Fiscal Note Signed		
2/15	Fiscal Note Printed		
2/19	Committee Executive Action--Bill Passed as Amended	8	1
2/19	Committee Report--Bill Passed as Amended		
2/20	Revised Fiscal Note Requested		
2/21	Revised Fiscal Note Received		
2/21	Revised Fiscal Note Signed		
2/22	Revised Fiscal Note Printed		
2/22	2nd Reading Passed	41	9
2/22	3rd Reading Passed	35	15
	Transmitted to House		
3/03	Referred to Business and Labor		
3/23	Hearing		
3/27	Committee Executive Action--Bill Concurred as Amended	17	2
3/27	Committee Report--Bill Concurred as Amended		
3/29	Fiscal Note Requested		
3/30	Revised Fiscal Note Received		
3/30	Revised Fiscal Note Signed		
3/30	Revised Fiscal Note Printed		
3/30	Rereferred to Appropriations	72	26
4/04	Hearing		
4/06	Committee Executive Action--Bill Concurred as Amended	11	7
4/06	Committee Report--Bill Concurred as Amended		
4/07	2nd Reading Concurred as Amended	57	43
4/09	3rd Reading Concurred	57	43
	Returned to Senate with Amendments		

4/20	Transmitted to Governor		
4/30	Signed by Governor		
4/30	Chapter Number Assigned		
	Chapter Number 483		
	Effective Date: 7/01/2001 - All Sections		

SB 446 Introduced by DePratu, et al. *LC0530 Drafter: Everts*

Authorize Agreements Between Electric Facility Providers

2/12	Introduced		
2/12	First Reading		
2/12	Referred to Taxation		
2/12	Fiscal Note Requested		
2/16	Hearing		
2/16	Fiscal Note Received		
2/16	Fiscal Note Signed		
2/16	Fiscal Note Printed		
2/20	Committee Executive Action--Bill Passed as Amended	9	0
2/20	Committee Report--Bill Passed as Amended		
2/22	2nd Reading Passed on Voice Vote	50	0
2/22	3rd Reading Passed	50	0
	Transmitted to House		
3/03	Referred to Federal Relations, Energy, and Telecommunications		
3/22	Hearing		
3/27	Committee Executive Action--Bill Concurred	12	0
3/27	Committee Report--Bill Concurred		
	Died in Process		

SB 447 Introduced by Christiaens *LC0027 Drafter: McClure*

Ban Cellular Phone Use While Operating Motor Vehicle

4/14	Fiscal Note Needed
2/12	Introduced
2/12	First Reading
2/12	Referred to Highways and Transportation
2/12	Fiscal Note Requested
2/15	Hearing
2/16	Tabled in Committee
2/16	Fiscal Note Received
2/16	Fiscal Note Signed
2/16	Fiscal Note Printed
2/23	Missed Deadline for General Bill Transmittal

SB 448 Introduced by Christiaens, et al. *LC0040 Drafter: Martii*

Funding for Transportation for Senior Citizens and Persons with Disabilities

4/28	Fiscal Note Needed
2/12	Introduced
2/12	First Reading
2/12	Referred to Highways and Transportation
2/12	Fiscal Note Requested
2/16	Fiscal Note Received
2/16	Fiscal Note Signed

***THE ENTIRE BILL IS 173 PAGES LONG. IF YOU WOULD LIKE A COPY OF THE ENTIRE BILL PLEASE CALL THE LIBRARY.**

Senate BILL NO. 445

INTRODUCED BY _____
(Primary Sponsor)

BY REQUEST OF THE GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS GOVERNING THE DEPARTMENT OF COMMERCE; REASSIGNING CERTAIN FUNCTIONS OF THE DEPARTMENT TO OTHER ENTITIES; TRANSFERRING CERTAIN ECONOMIC DEVELOPMENT FUNCTIONS TO THE GOVERNOR'S OFFICE; CREATING THE GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT; ASSIGNING MOST PROFESSIONAL AND OCCUPATIONAL LICENSING FUNCTIONS, BUILDING CODE FUNCTIONS, AND WEIGHTS AND MEASURES FUNCTIONS TO THE DEPARTMENT OF LABOR AND INDUSTRY; ASSIGNING THE LOTTERY TO THE DEPARTMENT OF REVENUE; ASSIGNING THE FINANCIAL INSTITUTIONS AND LOCAL GOVERNMENT AUDIT AND ASSISTANCE FUNCTIONS TO THE DEPARTMENT OF ADMINISTRATION; ELIMINATING THE BOARD OF COUNTY PRINTING AND ASSIGNING ITS FUNCTIONS TO THE DEPARTMENT OF ADMINISTRATION; ASSIGNING THE BOARD OF HORSERACING TO THE DEPARTMENT OF JUSTICE; ASSIGNING CONSUMER AFFAIRS FUNCTIONS TO THE DEPARTMENT OF JUSTICE; ELIMINATING THE PROPRIETARY POSTSECONDARY EDUCATIONAL ADVISORY COUNCIL; AMENDING SECTIONS 2-6-402, 2-6-403, 2-7-501, 2-7-518, 2-15-1803, 2-15-1852, 2-15-1859, 2-15-1860, 2-15-1872, 2-15-1882, 2-15-1883, 2-18-103, 5-5-223, 7-1-4121, 7-1-4145, 7-1-4147, 7-1-4148, 7-2-4906, 7-2-4911, 7-2-4912, 7-3-146, 7-3-153, 7-3-187, 7-5-2401, 7-5-2404, 7-5-2405, 7-6-603, 7-6-604, 7-6-1501, 7-6-2114, 7-6-2141, 7-6-2203, 7-6-2302, 7-6-2311, 7-6-2314, 7-6-2322, 7-6-4140, 7-6-4205, 7-6-4260, 15-35-108, 15-70-101, 16-4-420, 17-2-304, 17-5-1529, 17-5-1651, 17-6-321, 18-1-106, 19-18-205, 19-18-206, 19-18-403, 20-6-621, 20-6-622, 20-9-203, 20-25-901, 22-3-804, 23-3-301, 23-4-101, 23-7-201, 23-7-210, 23-7-301, 25-1-1104, 27-12-206, 30-11-515, 30-11-801, 30-12-101, 30-12-105, 30-14-102, 30-14-202, 30-14-1403, 30-16-302, 31-1-202, 31-1-703, 31-3-125, 31-3-152, 31-3-203, 32-1-109, 32-1-201, 32-1-212, 32-1-382, 32-1-901, 32-1-1005, 32-1-1007, 32-2-101, 32-3-104, 32-3-201, 32-3-203, 32-3-205, 32-3-301, 32-3-302, 32-3-303, 32-3-307, 32-3-321, 32-3-322, 32-3-323, 32-3-404, 32-3-611, 32-3-703, 32-3-705, 32-4-201, 32-4-306, 32-5-102, 32-6-103, 32-7-101, 32-7-102, 32-8-103, 33-22-705, 37-1-101, 37-1-121, 37-1-130, 37-1-137, 37-1-302, 37-1-401, 37-3-102, 37-4-101, 37-5-101, 37-6-101,

FISCAL NOTE

Bill #: SB0445 **Title:** Reorganize Department of Commerce

Primary Sponsor: Mike Taylor **Status:** As Introduced

Sponsor signature Date Chuck Swysgood, Budget Director Date

Fiscal Summary

	FY2002 Difference	FY2003 Difference
Expenditures:	0	0
Revenue:	0	0
Net Impact on General Fund Balance:	**$0**	**$0**

Yes	No		Yes	No	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Global Assumptions

1. SB 445 reorganizes the Department of Commerce by transferring various divisions, bureaus, boards and programs to other executive branch agencies.
2. SB 445 would transfer the following functions out of the Department of Commerce:

Weights & Measures Bureau	to	Department of Labor & Industry
Banking & Financial Division	to	Department of Administration
Professional & Occupational Licensing Division	to	Department of Labor & Industry
Local Government Assistance Division	to	Department of Administration
Building Codes Division	to	Department of Labor & Industry
Montana Lottery	to	Department of Revenue
Board of Horse Racing	to	Department of Justice
Consumer Affairs	to	Department of Justice

SB 445

3. For the purposes of this fiscal note, it is assumed the budgets approved by Governor Martz (HB 2 & non-budgeted proprietary) would be transferred to the aforementioned agencies in total. As in previous reorganizations, a portion of the department's current administrative support staff would also be transferred to the receiving agencies, but only after agency directors have had the opportunity to thoroughly examine the required administrative support staffing levels. These additional reallocations of non-budgeted administrative overhead are not included in this fiscal note pending these discussions.
3. SB 445 has an effective date of July 1, 2001, but it is assumed that current centralized services staff would perform the financial closing work that is required for FY 2001 since this staff is the most experienced with each of the transferring divisions, bureaus, and programs. This work typically takes most of the month of July.

Department of Commerce

4. Transferred divisions, bureaus, and programs currently located in the federal building would remain in their current locations, while those located in the Front Street location and in the department's main building would be moved to the federal building with the rest of department (main building only) sometime in FY 2002.
5. The proposal makes no mention of moving the Census and Economic Information Center (CEIC) of the Economic Development Division to the Department of Labor and Industry or movement of the Section 8 unit of the Board of Housing to the Department of Health and Human Services (PHHS). These potential movements are ignored in the tables below given their uncertain fate. The CEIC's budget contains 5.5 FTE and approximately $320,000 general fund per year which potentially may be moved to Labor and Industry. The movement of Section 8 to PHHS involves a portion of a 24.5 FTE budget and federal authority of approximately $60 million per year, which would have to be negotiated and allocated prior to adjustments to HB2.

Governor's Office

6. The proposal creates an Office of Economic Development in the Governor's Office and provides for 7 positions exempt from the state's pay laws. A portion of the funds statutorily appropriated for economic development during the May Special Session will be used to fund the office.

Department of Justice

7. The Board of Horse Racing and Consumer Affairs Division would be transferred from the Department of Commerce to the Department of Justice in their entirety.

Department of Revenue

8. Under this proposal, operation of the Montana Lottery would be transferred from the Department of Commerce to the Department of Revenue. There would be no net impact on state general fund expenditures or revenues, or state special fund revenues or expenditures, as costs and revenues currently being experienced by the Department of Commerce would simply transfer to the Department of Revenue.

Department of Administration

9. The Banking Division and the Local Government Services Division would be transferred from the Department of Commerce to the Department of Administration in their entirety.

Department of Labor and Industry

10. With the exception of Centralized Services support staff, transferred divisions, bureaus, and programs currently located in the federal building would likely remain in their current locations, while those located in the Front Street location and in DOC's main building would be moved to the federal building with the rest of DOC (main building only) sometime in FY 2002. Support staff would be reorganized into DLI's Centralized Services Division and moved to the Walt Sullivan Building.

Secretary of State's Office

11. Administrative rules (ARMs) relating to the Department of Commerce will be moved to other agencies.
12. Approximately 2,000 pages will be added to the Secretary of State printing contract for reprinting of rules in each year of the 2003 biennium.

13. Reorganization of agencies will require the number of binders included in an ARM set to increase by four binders, resulting in a need to purchase 1,700 additional binders at five dollars per binder.

FISCAL IMPACT:

	FY2002 Difference	FY2003 Difference
Department of Commerce – HB 2		
FTE	(179.31)	(179.31)
Expenditures:		
Personal Services	(6,853,676)	(6,899,291)
Operating Expenses	(12,714,388)	(12,982,880)
Equipment	(569,807)	(208,700)
Debt Service	(1,155,626)	(1,155,625)
TOTAL	($21,293,497)	($21,246,496)
Funding:		
General Fund (01)	(755,866)	(755,313)
State Special Revenue (02)	(11,224,680)	(11,140,798)
Proprietary (06)	(9,312,951)	(9,350,385)
TOTAL	($21,293,497)	($21,246,496)
Department of Commerce – Non-Budgeted Proprietary		
FTE	(40.25)	(40.25)
Expenditures:		
Personal Services	(1,499,828)	(1,507,574)
Operating Expenses	(660,504)	(643,805)
TOTAL	($2,160,332)	($2,151,379)
Funding:		
Proprietary (06)	($2,160,332)	($2,151,379)
Department of Commerce – Statutory Appropriations		
FTE	(4.00)	(4.00)
Expenditures:		
Personal Services	(535,078)	(535,078)
Operating Expenses	(17,985,887)	(17,985,887)
Benefits & Claims	(59,050)	(59,050)
TOTAL	($18,580,015)	($18,580,015)
Funding:		
General Fund (01)	(1,200,000)	(1,200,000)
State Special Revenue (02)	(59,050)	(59,050)
Proprietary (06)	(17,320,965)	(17,320,965)
TOTAL	($18,580,015)	($18,580,015)

Governor's Office – Statutory Appropriation		
FTE	7.00	7.00
Expenditures:		
Personal Services	535,078	535,078
Operating Expenses	664,922	644,922
TOTAL	$1,200,000	$1,200,000
Funding:		
General Fund (01)	$1,200,000	$1,200,000
Department of Justice – HB 2		
FTE	9.03	9.03
Expenditures:		
Personal Services	344,186	347,491
Operating Expenses	292,953	291,688
Equipment	2,755	0
TOTAL	$639,894	$639,179
Funding:		
General Fund (01)	325,600	324,861
State Special Revenue (02)	314,294	314,318
TOTAL	$639,894	$639,179
Department of Revenue – HB 2		
FTE	31.50	31.50
Expenditures:		
Personal Services	1,244,283	1,256,006
Operating Expenses	6,554,543	6,931,102
Equipment	368,547	17,700
Debt Service	1,145,578	1,145,577
TOTAL	$9,312,951	$9,350,385
Funding:		
Proprietary (06)	$9,312,951	$9,350,385
Department of Revenue – Statutory Appropriations		
Expenditures:		
Operating Expenses	$17,320,965	$17,320,965
Funding:		
Proprietary (06)	$17,320,965	$17,320,965

Department of Administration – HB 2		
FTE	34.75	34.75
Expenditures:		
Personal Services	1,375,067	1,382,363
Operating Expenses	625,809	627,624
Equipment	3,115	0
TOTAL	$2,003,991	$2,009,987
Funding:		
General Fund (01)	430,266	430,452
State Special Revenue (02)	1,573,725	1,579,535
TOTAL	$2,003,991	$2,009,987
Department of Administration – Non-Budgeted Proprietary		
FTE	4.00	4.00
Expenditures:		
Personal Services	173,505	174,397
Operating Expenses	178,816	178,215
TOTAL	$352,321	$352,612
Funding:		
Proprietary (06)	$352,321	$352,612
Department of Labor and Industry – HB 2		
FTE	104.03	104.03
Expenditures:		
Personal Services	3,890,140	3,913,431
Operating Expenses	5,241,083	5,132,466
Equipment	195,390	191,000
Debt Service	10,048	10,048
TOTAL	$9,336,661	$9,246,945
Funding:		
State Special Revenue (02)	$9,336,661	$9,246,945
Department of Labor and Industry – Non-Budgeted Proprietary		
FTE	36.25	36.25
Expenditures:		
Personal Services	1,326,323	1,333,177
Operating Expenses	481,688	465,590
TOTAL	$1,808,011	$1,798,767
Funding:		
Proprietary (06)	$1,808,011	$1,798,767

Department of Labor and Industry – Statutory Appropriations

Expenditures:		
Benefits & Claims	$59,050	$59,050
Funding:		
State Special Revenue (02)	$59,050	$59,050
Net Impact to Fund Balance (Revenue minus Expenditure):		
General Fund (01)	$0	$0
State Special Revenue (02)	$0	$0
Proprietary (06)	$0	$0

TECHNICAL NOTES:

1. SB 445 as introduced, does not fully transfer all program functions from the Department of Commerce to other agencies. The Department is working on these clean-up amendments.
2. Section 45 amends 15-35-108 MCA to reallocate one of the economic development statutory appropriation this fiscal year. The amendment to the temporary section needs to be dropped.
3. The fiscal note assumes the real estate recovery statutory appropriation moves with the Board of Real Estate. The section of law is not amended in the proposal, however.
4. The proposal moves the Consumer Affairs Division to the Department of Justice. However, the amendments contained in sections 76 – 80 refer to the Department of Administration.

MINUTES

MONTANA SENATE
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN MIKE TAYLOR**, on February 14, 2001 at 8:00 A.M., in Room 422 Capitol.

ROLL CALL

Members Present:

Sen. Mike Taylor, Chairman (R)
Sen. Mike Sprague, Vice Chairman (R)
Sen. Dale Berry (R)
Sen. Edward Butcher (R)
Sen. Vicki Cocchiarella (D)
Sen. Sam Kitzenberg (R)
Sen. Dale Mahlum (R)
Sen. Glenn Roush (D)
Sen. Don Ryan (D)

Members Excused: None.

Members Absent: None.

Staff Present: Bart Campbell, Legislative Branch
Kyanne Kelly, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 445, 2/13/2001
Executive Action: SB 48; SB 277; SB 151; SB118; SB 292; SB 340; SB 323

HEARING ON SB 445

Sponsor: **SENATOR MIKE TAYLOR, SD 37, PROCTOR**

Proponents: **Governor Judy Martz**
Webb Brown, Montana Chamber of Commerce

Opponents: None

Informational Witness: **Betty Babcock, Representing Herself**
Clyde Dailey, AARP

Opening Statement by Sponsor:

{Tape : 1; Side : A; Approx. Time Counter : 0.6}

SENATOR MIKE TAYLOR, SD 37, PROCTOR, said this bill was brought by the request of the Governor and would create the Office of Economic Development within the Governors office. He said it would also take certain departments within the Department of Commerce and move them to other departments. He stated that the regulating authority of the Department of Commerce would be given to other departments. He further stated that the Department of Commerce would then have one function, to create jobs and increase employment in the State of Montana. **EXHIBIT(1)** **EXHIBIT(2)**

Proponents' Testimony:

Governor Judy Martz, said this bill would reorganize the Department of Commerce and it would provide a statewide focus in the areas of business retention, technology and workforce development. She informed the committee that the Department of Commerce would set goals and time tables to get new good paying jobs and support job retention. She said that a key component of this reorganization is to place greater emphasis on business attraction. She said she will also put a greater emphasis on community assessment.

Webb Brown, Montana Chamber of Commerce, said he thinks it is absolutely a step in the right direction to separate the regulatory part of the Department of Commerce and the business advocacy part.

Opponents' Testimony: None

Informational Witness:

Betty Babcock, Representing Herself, handed in written testimony. EXHIBIT(3)

Clyde Dailey, AARP, said this is an opportunity to make some changes to bring all banking and financial should be under one roof, and to coordinate the banking with federal regulations.

Questions from Committee Members and Responses:

SENATOR VICKI COCCHIARELLA, asked about the purpose of some of the changes.

Mark Simonich said some of them are just clean ups since the law is being rewritten anyway.

SENATOR COCCHIARELLA asked about fire fighters retirement being moved from the Department of Commerce to the Department of Administration.

Mark Simonich said there is a local government audit conducted by the Department of Commerce, so wherever that was in the law it is being moved to the Department of Administration.

SENATOR DALE MAHLUM asked what the Department of Commerce would mainly deal with in this reorganization.

Mark Simonich said the focus would be mainly on economic development.

SENATOR DON RYAN asked what benchmarks and accountability would be built into this. He asked for some goals so that in 2 years he could see if the reorganization actually did anything.

Mark Simonich said we can do that by seeing if we are climbing in per capita income, job growth and a variety of things like that. He also said it could be seen by how many businesses are retained in the state.

SENATOR COCCHIARELLA asked how the public would know who is doing what.

Mark Simonich said that other than moving to a different department the public will see very few changes. The entire division moves intact with the phone numbers and people. He said he sees the transition for the public being very little, it will be basically business as usual.

SENATOR GLENN ROUSH asked if anyone had looked at changing the funding of the Coal Tax to fund this program.

Mark Simonich said they did not.

SENATOR RYAN asked why now? He asked if this was going to be the answer to move us forward now that we've hit bottom.

Senator Taylor said, "Yes it is the answer," and that now we have a Governor who believes in this and has a vision for economic development for the state.

SENATOR SAM KITZENBERG asked how competitive we are compared with other states.

Mark Simonich said we need to look and see what other states are doing and learn from them.

SENATOR MIKE SPRAGUE asked if the Chief Economic Development Officer is going to have authority as well as responsibility.

Mark Simonich said yes.

SENATOR SPRAGUE asked how it will be taken from idea to reality. Ireland and Colorado used off shore banking to get there.

SENATOR MIKE TAYLOR answered that you have to create simple visions and then stick with the vision. He said he sees this as a major tool for economic growth.

Closing by Sponsor:

{Tape : 2; Side : B; Approx. Time Counter : 10}

SENATOR MIKE TAYLOR, SD 37, PROCTOR, said we are 33rd from bottom in income tax, 48th in capital gains, unemployment tax ranks 51st and those are areas to work on. He said there is a need to increase the tax base in order to increase funding in important programs such as education. He said "Never mistake a clear vision for a short distance." He said there is a need to keep the big picture while doing the small things. He further stated that this is a long term plan.

MINUTES

MONTANA SENATE
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN MIKE TAYLOR**, on February 17, 2001 at 9:00 A.M., in Room 422 Capitol.

ROLL CALL

Members Present:

Sen. Mike Taylor, Chairman (R)
Sen. Mike Sprague, Vice Chairman (R)
Sen. Edward Butcher (R)
Sen. Vicki Cocchiarella (D)
Sen. Sam Kitzenberg (R)
Sen. Glenn Roush (D)
Sen. Don Ryan (D)

Members Excused: Sen. Dale Berry (R)
Sen. Dale Mahlum (R)

Members Absent: None.

Staff Present: Bart Campbell, Legislative Branch
Kyanne Kelly, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 469, 2/14/2001; SB 474, 2/14/2001; SB 441, 2/14/2001; SB480, 2/14/2001
Executive Action: SB 469; SB 349; SB 445

Opponents' Testimony: None

Questions from Committee Members and Responses:

SENATOR MIKE SPRAGUE asked if the Collision & Repair members are aware of this bill.

Tom Daubert, said yes they are aware of it and have read it.

Closing by Sponsor:

{Tape : 1; Side : A; Approx. Time Counter : 29}

SENATOR DUANE GRIMES, SD 20, CLANCY, closed without comment.

EXECUTIVE ACTION ON SB 445

Motion: **SEN. TAYLOR** moved that **AMENDMENTS TO SB 445 BE ADOPTED.**

Discussion: Mark Simonich from the Department of Commerce spoke in detail about the amendments. EXHIBIT(2) EXHIBIT(3)

SENATOR GLENN ROUSH asked **Andy Poole** about moving the Board of Horse Racing to the Department of Justice.

Andy Poole said Horse Racing is a regulatory activity and thus needed to be moved out of Commerce.

SENATOR MIKE SPRAGUE asked where the Banking Board would go.
Andy Poole said the Banking Board was going to Administration.

SENATOR VICKI COCCHIARELLA said her concern was with the Department of Consumer Affairs being moved to the Department of Justice. She said that she was concerned the staffing levels would not be kept up at the current rate. **CHAIRMAN TAYLOR** said the jobs and departments would move, and the people and money would move with them.

SENATOR DON RYAN said he would like more time to study this bill before he votes on it. **SENATOR ROUSH** said that this bill will go through and things that are wrong with it will be fixed in the next session
SENATOR SAM KITZENBERG said the Department of Commerce is underfunded and that is one of the problems. He said he would like to see if there is a reduction of employees and greater efficiency.

SENATOR COCCHIARELLA has concerns that there is no transition plan.

SENATOR BUTCHER said it is the Department's job to administrate this, not the Legislators.

Vote: Motion **carried unanimously.**

Motion/Vote: **SEN. TAYLOR** moved that **SB 445 DO PASS. Motion carried 8-1 with Ryan voting no.**

HEARING ON SB 441

Sponsor: **SENATOR CHRIS CHRISTIAENS, SD 23, GREAT FALLS,**

Proponents: **Aidan Myhre, Board of Health Care**
Claudia Clifford, Insurance Commissioner's Office
Don Allen, MT Benefits and Life Company

Opponents: **Glenn Leavitt, Benefits Montana University System**
Tom Schneider, MT Public Employees Association

Informational Witness: **John McEwen, State Personnel Division**

Opening Statement by Sponsor:

{Tape : 2; Side : A; Approx. Time Counter : 13.4}

SENATOR CHRIS CHRISTIAENS, SD 23, GREAT FALLS, said he would let the proponents explain the bill to the Committee.

Proponents' Testimony:

Aidan Myhre, Board of Health Care, said the portability plan exists for the people who don't have anywhere else to go. She explained that this bill basically expands the assessment base for those people.

Claudia Clifford, Insurance Commissioner's Office, said this is an important program as the health insurer of last resort. She explained that this bill is about how to pay for this program.

Don Allen, Montana Benefits and Life Company, said he supports this bill, because it makes health insurance benefits available to those who wouldn't otherwise be able to get it.

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN JOE MCKENNEY**, on March 23, 2001 at 8:00 A.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Joe McKenney, Chairman (R)
Rep. Rod Bitney, Vice Chairman (R)
Rep. Gary Matthews, Vice Chairman (D)
Rep. Sylvia Bookout-Reinicke (R)
Rep. Roy Brown (R)
Rep. Nancy Fritz (D)
Rep. Kathleen Galvin-Halcro (D)
Rep. Dennis Himmelberger (R)
Rep. Carol C. Juneau (D)
Rep. Jim Keane (D)
Rep. Rick Laible (R)
Rep. Bob Lawson (R)
Rep. John Musgrove (D)
Rep. William Price (R)
Rep. Allen Rome (R)
Rep. Donald Steinbeisser (R)
Rep. Brett Tramelli (D)
Rep. James Whitaker (R)

Members Excused: Rep. Dave Gallik (D)

Members Absent: None.

Staff Present: Gordon Higgins, Legislative Branch
Jane Nofsinger, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB340, SB405,, SB445, SB480, 3/19/2001
Executive Action:

Mr. Fasbender said the number one complaint they have from citizens is the long line at the courthouse to register automobiles. He said it had been approved yesterday to make it possible for citizens to register automobiles on-line.

Mr. Thomas also appeared in support of the bill.
{Tape : 1; Side : B; Approx. Time Counter : 12}
Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. BOOKOUT-REINICKE asked **Mr. Mueller, Montana Interactive,** if he had a contract with Montana. He replied that they had one for 5 years with a renewal option and they were already investing in infrastructure. **REP. BOOKOUT-REINICKE** asked if there were any competitors. He said they are a "self-funded portal" which meant they were funded by those who wanted the convenience of the services.

REP. LAIBLE asked if e-commerce would reduce the cost of government in terms of numbers of buildings and employees. **Mr. Mueller** said yes, and asked him to look at the vision statement, adding this would take place over a number of years.

Closing by Sponsor:

SEN. JERGESON said the state was in a major transition period with e-commerce and technology. "This bill is part of it," he concluded.

{Tape : 1; Side : B; Approx. Time Counter : 22.5}

HEARING ON SB445

Sponsor: **SEN. MIKE TAYLOR, SD37, POLSON**

Proponents: **Karl Ohs, Lt. Governor of the State of Montana**
Director Mark Simonich, Department of Commerce
Tom Scott, First Interstate Bank
SEN. EMILY STONINGTON, SD15, BOZEMAN
SEN. DON HARGROVE, SD16, BELGRADE
Bill Gray, Research and Commercialization Board
Dick Crofts, Commissioner of Higher Education
Tom McCoy, Montana State University
Jerry Bromenshenk, Montana State University
John Cadby, Montana Bankers Assn.
Riley Johnson, NFIB
Rhonda Carpenter, Montana Housing Providers
Roger Halver, Montana Assn. of Realtors

Keith Colbo, Montana Investors, Big Sky Airlines
Aidan Myhre, Montana Chamber of Commerce
Carl Schweitzer, Montana Plumbing and Heating Contr.

Opponents: **Kay Unger, MES/MFT**
Linda Reed, citizen
Chuck Merja, citizen
Ralph Hutchinson, Research and Commercialization Board
John Srhontz, Montana Newspapers Assn.

Opening Statement by Sponsor:

SEN. MIKE TAYLOR, SD37, POLSON, told the committee this bill had been requested by the **Governor** and the **Lt. Governor,** and set forth a re-organization of the Department of Commerce.

Lt. Governor Ohs said they had put a lot of work and thought into this bill, and had talked about it during the campaign and for some time. He said it would make the Department of Commerce a lean and efficient organization. He said it also moves the economic development staff to the **Governor's Office** because that shows a high level of commitment by the **Governor** to economic development. He said in this time of tight funding there is no easy answer, but they feel they have found the least intrusive way to strike a balance between research and economic development. He said it takes vision to see potential and every day people come into the **Governor's Office** with a vision of a business they want to start and ask how the **Governor** can help.

SEN. TAYLOR presented charts and a description of the plan. EXHIBIT(3) He noted other states have done similar things by putting economic development in the **Governor's Office.** He said the plan would establish exempt positions to advise the **Governor** in the following areas: marketing, technology, education, technology, infrastructure and regulations. The chart showed there would also be a business recruiter, a Washington, D.C. staffer, outside consultants and local economic development coordinators.

Proponents' Testimony:

Director Simonich said he supported the plan and had been active in crafting the legislation. He said portions of the Department of Commerce had also been transferred to Labor and Industry, Administration, Justice, and Livestock Departments. He said in the Special Session 2000, $4.85 million had been designated to research and commercialization and this bill would take $850,000 of that money for the **Governor.**

{Tape : 2; Side : B; Approx. Time Counter : 0}

Mr. Scott said an economic development effort must be privately driven and publicly facilitated. He said the **Governor** must be accountable to economic development and this bill does this.

SEN. STONINGTON presented an amendment to what she called a "bold initiative" of the **Governor.** She said the bill was submitted two days before transmittal and this issue was never debated. **EXHIBIT(4)** Her amendment removes the $850,000 funding. She said they had fought long and hard for the research and commercialization funds and now less than 10 months later they were chopping 20% of the funds. She said," Put this amendment in and let the legislature debate it, then if you would rather see the money in the **Governor's Office**, than on the ground, so be it."

SEN. HARGROVE said the **Governor** is committed to encourage development and is willing to take to responsibility for it. He also said he had worked 15 years to get a research and commercialization fund and he was opposed to using that money.

Mr. Gray said he felt the $850,000 should stay in his budget because the money is used for leverage in obtaining grants which have the potential of creating a much larger source of funding. He noted that $3.88 million committed for the first 2 years had matching grants of $7 million or more. **EXHIBIT(5)**

Mr. Crofts said he was concerned about losing the money. He said, "We need this money to provide matching grants." He said it is a good bill, but he hoped there would be some other way to fund it.

Mr. McCoy he asked them not to cut into the research money and projected by 2005 it would have generated over $100 million. "Raiding a fund like this after 10 months, is not right," he said.

Also supporting the bill were **Jerry Bromenshenk, John Cadby, Riley Johnson, Rhonda Carpenter, Roger Halver, Keith Colbo, Aidan Myhre, and Carl Schweitzer.**

{Tape : 2; Side : B; Approx. Time Counter : 22.9}
Opponents' Testimony:

Ms. Unger said she was there because of the removal of funds from research and commercialization. She said if this was the only source of funds, she must oppose the bill. "Montana has now joined with other states in acquiring matching funds," she said, "To shut down 20% of these funds is ridiculous."

Ms. Reed said it was difficult to oppose the bill because she saw her friends there, but it was not a good decision to take these funds away. Technology is the only thing which has kept Montana's farmers competitive, she said.
{Tape : 3; Side : A; Approx. Time Counter : 0}
She said she agreed with the reorganization because the name of the **Governor's Office** would get "phone calls returned." She said there was a three year window left in this administration and asked what if there was a change in the administration. A lot is being changed here, she said. She asked the committee to "let their consciences play a role in their decision."

Mr. Merja said he supported economic development and elevating it to the **Governor's Office** but was against removing the money so he had to be opposed to the plan. "Don't rob Peter to pay Paul," he said.

Mr. Hutchinson was also against taking the money. "What we are seeing here is politics," he said.

Mr. Srhontz said he opposed the bill because it eliminated the Board of County Printing which was a long-standing public-private partnership. He offered an amendment to keep this board as it currently operates. EXHIBIT(6)

Informational Witness:

Lewis Smith, State of Montana, said there were concerns about who would pay for the cost of the transfers, and the re-printing of rules which he estimated at $70,000. EXHIBIT(7)

{Tape : 3; Side : A; Approx. Time Counter : 17}

Questions from Committee Members and Responses:

REP. GALLIK asked **SEN. TAYLOR** how he justified taking the research money and giving it to political appointees. **SEN. TAYLOR** said **Lt. Gov. Ohs,** then **REP. OHS**, had carried the bill in Special Session, and first it had been $1 million, then $2 million, then $3 million, and then almost $5 million. One of the objectives of the money had been job spin-off, he said, and economic development would help that spinoff.

REP. GALVIN-HALCRO asked **SEN. TAYLOR** how much more money was in HB2 for this plan. **SEN. TAYLOR** said he was not sure, but he thought a total of $1.2 million per year.

REP. GALVIN-HALCRO asked **Director Simonich** if the 7 exempt positions would be high salaries. He replied yes. She then asked

what jobs would move. **Director Simonich** presented her a chart of what jobs move. EXHIBIT(8)

{Tape : 3; Side : B; Approx. Time Counter : 0}

REP. LAIBLE asked **Director Simonich** about how the structure would change physically. **Director Simonich** said that other than about 8-12 people, no one would move.

REP. JUNEAU asked **Director Simonich** if it was possible to have a copy of the budget before executive action. She said most people applying for a loan of $1.2 million would be asked for that. She asked how the D.C. staffer would be paid and housed, and said "that alone would be a huge project."

Director Simonich said, "I didn't create the plan, the **Governor** and the Budget Office did." He added the D.C. consulting may be through a contract.

REP. JUNEAU asked what the **Governor** planned to do about the great economic development needs of the reservations.

Director Simonich said they would help in every way they could,

SEN. JOHN COBB presented a written comment. EXHIBIT(9)

Closing by Sponsor:

SEN. TAYLOR said whenever anything undergoes change and there is a vision, this creates some concerns. "This is the right direction for Montana," he said. He added, "I have studied other states, and this is what they do." He said, "You don't get good people unless you pay for them."

{Tape : 3; Side : B; Approx. Time Counter : 15}

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN JOE MCKENNEY**, on March 27, 2001 at 7:00 A.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Joe McKenney, Chairman (R)
Rep. Gary Matthews, Vice Chairman (D)
Rep. Sylvia Bookout-Reinicke (R)
Rep. Roy Brown (R)
Rep. Nancy Fritz (D)
Rep. Dave Gallik (D)
Rep. Kathleen Galvin-Halcro (D)
Rep. Dennis Himmelberger (R)
Rep. Carol C. Juneau (D)
Rep. Jim Keane (D)
Rep. Rick Laible (R)
Rep. Bob Lawson (R)
Rep. John Musgrove (D)
Rep. William Price (R)
Rep. Allen Rome (R)
Rep. Donald Steinbeisser (R)
Rep. Brett Tramelli (D)
Rep. James Whitaker (R)

Members Excused: Rep. Rod Bitney, Vice Chairman (R)

Members Absent: None.

Staff Present: Gordon Higgins, Legislative Branch
Jane Nofsinger, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB650, 3/23/2001
Executive Action: SB405, SB480, SB340, SB445, HB650, HB593, SB469, SB474, SB298, SB327, SB465

EXECUTIVE ACTION ON SB405

Motion/Vote: **REP. LAIBLE** moved that **SB405 BE CONCURRED IN. Motion carried unanimously.**
REP. LINDEEN will carry the bill in the House.

EXECUTIVE ACTION ON SB480

Motion/Vote: **REP. FRITZ** moved that **SB480 BE CONCURRED IN. Motion carried unanimously.**
REP. LAIBLE will carry the bill in the House.

EXECUTIVE ACTION ON SB340

Motion: **REP. LAWSON** moved that **SB340 BE CONCURRED IN.**

Discussion:

REP. FRITZ said she would like someone else's opinion because she thought perhaps a real estate agent could misrepresent himself and say he owned the property.

REP. LAIBLE said he had thought of that too, but it is covered under existing rules for realtors.

REP. PRICE said he thought that was what the disclosure part concerned.

REP. HIMMELBERGER said the current law pertains to rental property.

Vote: Motion **carried unanimously.**
REP. BITNEY will carry the bill in the House.

EXECUTIVE ACTION ON SB445

Motion: **REP. LAIBLE** moved that **SB445 BE CONCURRED IN.**

Discussion:

REP. LAIBLE said he liked the bill because he thought it would streamline economic development and there was a minimum cost for the changes. He moved an amendment to the bill. EXHIBIT(1)

Mr. Higgins said the amendment had a combination of clean-up and choices by the administration as to where certain programs would be re-allocated. He noted the title changes reflected substantive changes. Changes he cited were: 1) extending from 2005 to 2009 the expendable trust fund date, 2) moving horse racing to the Department of Livestock, 3) moving consumer affairs to the Department of Administration, and 4) changing resource allocation and the statutory appropriation section.

REP. WHITAKER said banking and finance will be under the Department of Administration.

REP. GALLIK moved to segregate #3, #10-16 and #18-48 amendments. He said this changes the Consumers Office from Justice to Administration. "I think this is an extremely important office and it should be in the Justice Department," he said. He continued saying that Justice had the expert staff and was responsible for enforcing laws and that is where the Consumer's Office belonged. "Leave it in the DOJ," he said, "they understand it."

CHAIRMAN MCKENNEY told the committee they would discuss and vote on the remainder of the amendments first, and the segregated amendments next.

Discussion on LAIBLE Amendment (minus GALLIK motion to segregate:

REP. PRICE asked about the elimination of the Board of Printing.

Director Simonich said the bill as drafted eliminates the Board of Printing. He said it meets infrequently and met in 1999 to set rules for publishing legal notices. The rule making would be placed with DOJ. "It wasn't used that often, that's why we eliminated it," he said.

Vote: Motion **carried 14-4 with Gallik, Galvin-Halcro, Keane, and Musgrove voting no.**

REP. GALLIK said he would like a voice in having Consumers Affairs at the DOJ. He said it should stay there and there no overwhelming reason why it should move.

{Tape : 1; Side : B; Approx. Time Counter : 0}

REP. LAIBLE asked **Director Simonich** how he felt about Commerce compared to Justice for the Consumer Affairs Office.

Director Simonich said Consumer Affairs had been in Commerce then they thought of Justice, now they thought Administration was better.

REP. GALLIK said if the committee wants it to go to Justice they should vote NO on the segregated amendment.

Mr. Higgins rephrased **REP. GALLIK's** statement saying if the committee wanted it to stay in DOJ they should vote NO.

REP. GALLIK said, "I ask you to vote NO and move it to Justice." He continued saying this bill was 175 pages and there had been lots of time and energy spent on it. He said it was not right at the last minute to move Consumer Affairs to Administration when it was more appropriate in Justice.

REP. PRICE said he appreciated **REP. GALLIK's** experience in the Auditor's Office and asked why it would not ne better there.

REP. GALLIK said he had experience in the Auditor's Office and the Attorney General's Office. He said banking would be better there, but added that Consumer Affairs was more than banking and dealt with "lemon laws, etc."

REP. LAIBLE said in response to **REP. GALLIK's** segregated amendments he thought they should keep it like it was, because lots of work had been done on it and it would be an "ever-evolving art form." He said they think Administration is better for it than Justice.

REP. GALLIK said, "Who is they?" He said he talked to the Attorney General who strongly believes it would be best in DOJ, and he didn't believe law enforcement was on board with the change either.

REP. LAIBLE said he thought "they" was the **Governor** and Administration.

REP. Vote: Motion **carried 11-8 with Fritz, Gallik, Galvin-Halcro, Juneau, Keane, Matthews, Musgrove, and Tramelli voting no.**

Motion: **REP. LAIBLE** moved that **SB445 BE CONCURRED IN AS AMENDED.**

Discussion:
REP. JUNEAU said she still did not have a current fiscal note and a list of the exempt personnel, including the D.C. one, and what

the pay would be. She said there should be a better explanation of how this $1.2 million will be spent. "There have been some fancy charts for us, but no details," she said.
EXHIBIT(2)EXHIBIT(3)EXHIBIT(4)

REP. STEINBEISSER said he liked the bill but not when $850,000 comes from the university.

REP. GALLIK said he would like to offer the amendment expressed by **SEN. STONINGTON** which does not take the $850,000 from the university. He said based on previous awards, up to $30 million in matching grants could be lost by taking this money.

CHAIRMAN MCKENNEY pointed out there had been no opposition to this bill other than where the money was coming from. He said he had talked to the administration and they said if this amendment came forward, the committee may want to vote for it, and let the administration see if they can find funding elsewhere.

Vote: Motion **carried unanimously.**

Motion/Vote: **REP. GALLIK** moved that **SB445 BE CONCURRED IN AS AMENDED. Motion carried 17-2 with Juneau and Musgrove voting no.**

{Tape : 2; Side : A; Approx. Time Counter : 0}

HEARING ON HB650

Sponsor: **REP. DOUG MOOD, HD58, SEELEY LAKE**

Proponents: **Director Mark Simonich, Department of Commerce**
Webb Brown, Montana Chamber of Commerce
John Cadby, Montana Bankers Assn.
Rhonda Carpenter, Montana Housing Providers

Opponents: None

Opening Statement by Sponsor:

REP. DOUG MOOD, HD58, SEELEY LAKE, said this act provides for a centralized financial assistance center within the Department of Commerce. The act will consolidate hard-to-find grant and loan programs. He said to find these programs now, a person must go to each website and look for the links. They are placed under different headings and there is no single entity that knows about all of them. He said that banks don't know what is out there and neither do the state or individuals. The clearinghouse formed by this bill will have the job of knowing where all the grants and